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The following estimates, forecasts, and projections are mainly taken from recent publications of the National Agricultural Statistics Service, Economic Research Service, and the World Agricultural Outlook Board of the USDA.

♦**Wheat.** All wheat production totaled 2.56 billion bushels in 1998, up 1% from 1997. Acreage harvested dropped 7% from last year. The U.S. average yield was a record high 43.3 bushels per acre, up 3.6 bushels from last season. All wheat in all storage positions September 1 was estimated at 2.38 billion bushels, up 15% from a year earlier and the highest September 1 stocks since 1990. Market year prices are expected to average between \$2.45 and \$2.75, compared with \$3.38 for the 1997 crop.

♦**Corn.** The October forecast for 1998 corn production is 9.74 billion bushels, virtually unchanged from last month but up 4% from 1997. Based on October 1 conditions, yields are expected to average 132.0 bushels per acre. Old crop corn stored in all positions on September 1 was estimated at 1.31 billion bushels, up 48% from a year earlier. A market year average price between \$1.80 and \$2.20 a bushel is expected for the 1998 crop, compared with \$2.45 last year.

♦**Soybeans.** The 1998 soybean crop is forecasted at a record high 2.77 billion bushels, down 5% from September 1 but 2% above the previous record set in 1997. The yield forecast, at 38.7 bushels per acre, is down 1.9 bushels from last month and is 0.1 bushel below the 1997 yield. Old crop soybeans stored in all positions on September 1 totaled 200 million bushels, up 52% from last year. The market year average price is projected between \$5.00 and \$5.75 per bushel, compared with \$6.45 for the 1997 crop.

♦**Cotton.** U.S. 1998 all cotton production is forecasted at 13.3 million bales, down 2% from September, and down 29% from 1997. Yield is expected to average 616 pounds per acre, down 64 pounds from last year. Acreage for harvest in Texas was reduced by 250,000 acres from last month.

♦**Rice.** U.S. rice production is forecasted at 182 million cwt, up 1% from 1997. If realized, this would be the third highest production on record. The market year average price is expected to average between \$8.75 and \$9.75 per cwt compared to \$9.64 per cwt for the 1997/98 crop.

♦**Other Crops.** The **Durum Wheat** crop, at 141 million bushels, was up 64% from last year. The **Other Spring Wheat** crop, at 529 million bushels, was down 5% from a year ago. **Barley** production was estimated at 358 million bushels 4% below 1997. **Grain Sorghum** for October 1 is forecasted at 521 million bushels, down 20% from 1997. The **peanut crop** is expected to be up 2% from last year, **pecan** production down 46%, **all tobacco** down 13%, and **burley tobacco** down 2%.

♦**Cattle.** October 1 **cattle on feed** in the U.S. feedlots with capacity of 1,000 or more totaled 9.75 million head, down 2% from a year earlier. Placements were down 2% from the previous year. Marketings of fed cattle were 3% higher than 1997. At mid-October, **prices** for choice steers (Nebraska direct, 1100-1300 pounds) were up slightly from a month earlier, averaging 62-63 per cwt. Feeder steer prices (Oklahoma City, medium-large frame, 750-800 pounds) were around \$67 per cwt in mid-October, up slightly from mid-September.

♦**Hogs.** The September 1 **hog inventory**, at 62.9 million head, was 3% above last year. The inventory of breeding hogs was down slightly while the market hog inventory was up 3% from a year earlier. **Prices** at mid-October (Iowa-Southern Minnesota direct, 230-250 pounds) were around \$29 per cwt, unchanged from mid-September. The June-August 1998 pig crop was 2% more than 1997. Farrowing intentions for September - November show a 2% increase compared to the December 1998-February 1999 farrowing intentions which show a 3% increase. Increasing supplies of pork and large supplies of poultry will keep hog prices in the low \$30's per cwt next year.

♦**Other Livestock.** September **milk production** was up 0.4% from the previous year. Production per cow increased 0.3% and the number of cows was up slightly from September 1997. For the July-September quarter, U.S. milk production was 0.3% below the same period last year. The **September Basic Formula Price (BFP)** was \$15.10 per cwt, up 11 cents from August. **Cheddar cheese prices** (U.S. 40 pound blocks, wholesale) increased 4.4 and 2.0 cents for the first and second weeks of October, respectively. The November BFP will likely be up slightly unless cheese prices decline during the remainder of October. During August, total **cheese** production was 0.1% above the previous year, **butter** production was down 2.9% and **nonfat dry milk** production was down 12.4%. **Sheep slaughter** for September totaled 306 thousand head down 5% from last year's number. The average live weight was

125 pounds, down 4 pounds from September a year ago. The number of **table egg layers** in U.S. flocks on hand October 1 was 2% above a year ago. September **table egg production**, at 5.46 billion eggs was up 2% from 1997. U.S. **egg production** for the 4th quarter of 1998 is expected to be up 3% from a year ago. Wholesale market **egg prices** for the 4th quarter of 1998 are expected to average 80-84 cents per dozen, compared with 88.2 cents a year ago. First quarter of 1999 market egg prices (Grade A large, New York) are expected to average 72-78 cents per dozen, compared with 79.0 cents a year ago. For the week ending October 17, cumulative **broiler placements** for 1998 in the 15 selected states were 5.70 billion, up slightly from the same period a year earlier. The wholesale 12 city average price for whole broilers for the 4th quarter is expected to be 61-63 cents, compared to 54 cents for the 4th quarter of last year. First quarter of 1999 broiler prices are expected to average 56-60 cents per pound, compared with the 56.4 cents for a year earlier. Cumulative **turkey poult placements** for the 1999 marketing year were 12% less than the same period a year ago. Placements in September were 12% less than last September. Prices (8-16 lb hens, Eastern Region) for the 4th quarter of 1998 are expected to be in the 68-70 cent range compared with 66.5 cents for the 4th quarter last year. Turkey prices for the first quarter of 1999 are expected to average 54-58 cents per pound, compared with the 55.1 cents for the first quarter of 1998. **Supplies in refrigerated warehouses** at the end of September compared with a year earlier were: chicken up 6%; turkeys down 10%; pork up 12%; beef down 9%; cheese up 1%; and frozen orange juice up 39%.

♦**Trade.** October U.S. **trade projections** for corn improved while 1998/99 export prospects for soybeans, cotton, beef, pork, broilers, and turkeys declined, compared with last month. Wheat and rice were unchanged from September. October projections for the volume of **exports** for the 1998/99 marketing year, compared to 1997/98 are: **wheat** up 3%; **corn** up 9%; **rice** down 1%; **cotton** down 40%; **soybeans** down 5%; **soybean oil** down 17%; and **soybean meal** down 11%. October projections for the volume of meat exports in calendar 1999 compared to 1998 are: **beef** up 1%; **pork** up 1%; **broilers** down 3%; and **turkeys** up 2%. The **U.S. trade deficit** for goods and services increased to a record \$16.8 billion in August from a revised \$14.5 billion in July. The **U.S. agricultural trade surplus** was \$847 million in August, compared with \$976 million in July.

♦**Prices.** The rate of **inflation**, as monitored by the CPI for all urban consumers, was unchanged in September and rose 1.5% over the last 12 months. The **PPI** increased 0.3% in September; this followed a decrease of 0.4% in August. For the 12-month period ending in September, the PPI decreased 0.9%. The September **prime rate**, averaging 8.49%, was down from 8.50% in August. Compared to a year earlier, **feed prices** in September were down 22%; **feeder livestock and poultry** prices down 17%; **fertilizer** down 7%; **ag chemicals** up 3%; **farm machinery** up 2%; **seeds** up 3%; and **fuels** down 27%.

♦**World Weather and Crop Developments** (October 11-17). In the **former Soviet Union** dry weather persisted in southern and eastern Ukraine, and most of southern Russia, helping corn, sunflower and sugar beet harvesting. However, topsoils remained unfavorably dry for winter wheat emergence in these major producing areas. In Russia, wet weather continued to stretch from the northern Urals eastward through Western Siberia into Eastern Siberia, delaying late-season harvest activities. In **Europe**, variable showers fell from England and France eastward through Benelux countries into Germany, slowing summer crop harvesting and winter wheat planting. Favorable dryness continued over crop areas of central and northern New South Wales, improving quality prospects of maturing wheat and barley in **Australia**. Unseasonable, locally heavy rain hit cotton and rice areas of northwestern **Asia**, harming quality of unharvested crops. Light to moderate showers swept across the North China Plain, increasing topsoil moisture for winter wheat germination. Further south, heavier rain continued over the Yangtze Valley in **China** and along sections of the south coast, slowing harvests of summer crops including cotton and rice. Major crop areas were mostly dry in **South America**, except in central Argentina, where rain brought relief to reproductive winter wheat, and along the northwestern fringe of the main summer crop region. In the **U.S.**, warm, dry weather in eastern Corn Belt and the Southeast continued to aid harvesting. Late-week heavy rains halted fieldwork in western and central Corn Belt, southern and eastern Texas. Winter wheat planting was delayed in the eastern areas of the Plains due to rainfall. Topsoils remained unfavorably dry in far western portions of the central and southern Plains. Cool weather in the northern Plains slowed winter wheat emergence, while below-normal temperatures prevailed in California.

♦**Other News. U.S. Agricultural Outlook (ERS).** **China** is among the world's largest producers and consumers of animal proteins. Increasing overall population and rural-to-urban migration is expected to foster continued rapid growth in demand for **animal products** in China, which could foster **U.S. exports of feeds**. The **World Trade Organization (WTO)** recognizes that environmental protection is a legitimate policy goal, despite the fact that environmental policies can effectively alter production and price levels and thus disrupt trade patterns. When environmental policies are assumed to affect trade and production only minimally, provisions of the Uruguay Round Agreement on Agriculture permit such policies to be exempt from a country's commitments to reduce support for agriculture. Policies that qualify for exemption must meet a number of conditions -- they must not support prices or increase consumer costs. **U.S. rice prices** are expected to remain firm during 1998/1999 despite the third largest crop on record because global production is expected to be down 2% due to reduced crops in China and India. U.S. imports of **cotton textiles** have been rising during 1998 due to weaker foreign currencies and increased competition. However, the technical complexity and integration of the U.S. textile industry combined with trade liberalization will help U.S. cotton farmers to continue to find markets in the future. Adverse weather is expected to lower **U.S. citrus production** 17% from last season after 2 record-setting crops.
